

Points to Consider Before You Sell Your Family-Owned Business

As the old saying goes, “At some point, the time comes to sell almost every business.” But when it comes to family-owned businesses, a level of emotion comes into play. These kinds of emotions are not typically seen with other types of sales.

Family-owned businesses sometimes bring with them the complexity of family dynamics, conflicting agendas, conflicting emotions and even long held resentments and grudges. Unlike selling other businesses, selling a family-owned business can even cause long-lasting family disruptions.



Here are a few points to consider:

It is important to understand that selling a family-owned business presents many complications. One complicating factor is that often not every member is involved in the day-to-day operation of the business. As a result of this fact, some family-members will feel far less invested than others.

On the other side of the coin, family members who are involved in the day-to-day operation of the business are likely to feel much more involved. In particular, family members who are actively working in the business will likely worry about the loss of their job. In short, family members who are working in the business and those who have outside employment will see the prospect of selling the business in very different ways.

When the business is owned by more than one family member, it is essential that a meeting is held with the family members, as well as the business broker and the family’s attorney and accountant. In this way, guidelines for how best to proceed can be established.

It is important to remember that family-owned businesses represent a large section of the non-public companies in the United States. Industry reports indicate that many of these businesses, due to aging Baby Boomers and other factors, will likely be placed for sale in the near future. Every family is unique. Every family dynamic is unique as well. Attempts to treat a family-owned business like “any other business” will increase the chances of failure. Even if the business is owned by a single family member, the role that the family dynamic plays should not be overlooked. If you want to sell your family business, then it is vital to factor in the unique complexities that come with selling.

Your business broker or M&A Advisor will have ample tips for you to best navigate the process from start to finish. Be sure to explain any extenuating factors that will impact the sale of your family-owned business.

About TOGA, The Oil & Gas Advisor:

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